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Snell & Wilmer

L.L.P.  
LAW OFFICES

RECEIVED

One Arizona Center  
Phoenix, AZ 85004-2202

602.382.6070 P 2:33  
602.382.6070 (Fax)

www.swlaw.com

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Bradley S. Carroll  
Of Counsel  
602.382.6578  
bcarroll@swlaw.com

February 28, 2008

**VIA HAND-DELIVERY AND E-MAIL**

Blessing Chukwu  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

FEB 28 2008

Keith Layton, Staff Attorney  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

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Re: Perkins Mountain Water Company and Perkins Mountain Utility Company  
Docket Nos. W-20380A-05-0490 and SW-20379A-05-0489  
Supplemental Response to Staff's Second Set of Data Requests Dated 2/8/08

Dear Ms. Chukwu and Mr. Layton:

Perkins Mountain Water Company and Perkins Mountain Utility Company hereby submit the attached response to BNC 2.6 and the completed response to BNC 2.8 of Staff's Second Set of Data Requests dated February 8, 2008. Electronic versions of these responses are also being sent to you via e-mail. If you have any questions, please do not hesitate to contact me.

Sincerely,

Snell & Wilmer

Bradley S. Carroll

BSC:jyb  
Enclosure

cc: Docket Control (Original plus 15 copies)  
Robin Mitchell, Esq. (Via e-mail only)  
Michele Finical (Via e-mail only)

**RESPONSE OF PERKINS MOUNTAIN WATER COMPANY  
AND PERKINS MOUNTAIN UTILITY COMPANY  
TO ARIZONA CORPORATION COMMISSION  
STAFF'S SECOND SET OF DATA REQUESTS  
DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489  
February 8, 2008**

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**BNC 2.6**      **Please provide a detailed explanation of the relationship between Utilities, Inc., Perkins Mountain Water Company, Perkins Mountain Utility Company, Hydro Star, LLC, Nuon NV, and AIG Highstar Capital, L.P., American International Group, Inc.**

Response:      On November 29, 2007, Utilities, Inc., an Illinois corporation, purchased 100% of the capital stock of Perkins Mountain Water Company and Perkins Mountain Utility Company, both of which are Nevada corporations. Utilities, Inc. is a wholly owned subsidiary of Hydro Star Holdings Corporation, a Delaware corporation, which in turn is a wholly owned subsidiary of Hydro Star LLC, a Delaware limited liability company.

Hydro Star LLC purchased 100% of the capital stock of Hydro Star Holdings Corporation on April 19, 2006. Prior to that time, Hydro Star Holdings Corporation was known as Nuon Global Solutions USA Inc., a wholly owned subsidiary of Nuon Global Solutions USA B.V., a Dutch private limited liability company. Nuon Global Solutions USA B.V. is an indirect subsidiary of Nuon NV, also a Dutch company

Hydro Star, LLC is owned by a combination of the following:

- 1)      AIG Highstar Capital II, L.P.; AIG Highstar Capital II Overseas Investors Fund, L.P.; and AIG Highstar Capital II Prism Fund, L.P., Delaware limited partnerships owned by a diversified group of accredited investors, and for which AIG Highstar GP II, L.P., is the general partner of each. AIG Highstar GP II, L.P. is a Delaware limited partnership and an indirect subsidiary of American International Group, Inc., a publicly traded Delaware corporation ("AIG"); and
- 2)      American General Life Insurance Company, a Delaware corporation which is an indirect subsidiary of AIG.

AIG Investments, an indirect subsidiary of AIG, sponsors the funds described in (1) above, but does not own a controlling equity interest in any of them, nor does it own a controlling equity interest in Hydro Star, LLC, Hydro Star Holding Corporation, or Utilities, Inc.

Prepared by:      Michael T. Dryjanski  
Manager, Regulatory Accounting  
Utilities, Inc.  
2335 Sanders Road  
Northbrook, IL 60062

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**BNC 2.8**

According to Utilities, Inc.'s Press Release dated March 21, 2007, and July 12, 2007 which announces the appointments of Mr. John Stover as Corporate Secretary and Vice President and Mr. Steve Lubertozzi and Mr. John Hoy as Chief Financial Officer and Chief Regulatory Officer, respectively; Utilities, Inc., is "a portfolio company of AIG Highstar Capital." Staff's understanding is that AIG Highstar Capital is an equity buyer or investor. Please provide the following information: (a) What is the expected term of ownership for Utilities, Inc., Perkins Mountain Water Company, and Perkins Mountain Utility Company? (b) How long was Utilities, Inc. owned by its prior owner? (c) How long has Utilities, Inc. been a portfolio company of AIG Highstar Capital? (D) Does Utilities, Inc. anticipate acquiring any other utilities in Arizona? (e) Does Mr. Jim Rhodes, and/or family members, have a direct or beneficial equity, partnership, membership or other ownership interest in AIG Highstar Capital, L.P., American International Group, Inc. and/or any of their respective affiliates? (f) Has AIG Highstar Capital, L.P., American International Group, Inc. and/or any of their respective affiliates been sanctioned by the Security and Exchange Commission? Please explain.

Response:

(a) The ownership structure of Utilities, Inc. is explained in detail in the response to BNC 2.6. Utilities, Inc. does not know nor is privy to the long-term investment strategies of its parent companies and cannot, therefore, speculate on the expected term of ownership of Utilities, Inc. It should be noted that Utilities, Inc. has been in existence since 1965 and currently operates in 17 states and has approximately 90 operating companies providing water and/or sewer service. With respect to Utilities, Inc.'s term of ownership of Perkins Mountain Water Company and Perkins Mountain Utility Company, Utilities, Inc. acquired the stock of these entities with the expectation that this would be a long-term investment of Utilities, Inc.

(b) From 3/18/02 until 4/19/06.

(c) Since April 19, 2006.

(d) Utilities, Inc. has no plans at this time to acquire any other utilities in Arizona, although it would not discount that possibility should an appropriate opportunity arise in the future.

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(e) Utilities, Inc. has made inquiry of Mr. Rhodes and we have been advised that to the best of his knowledge and belief, neither Mr. Rhodes nor any of his family members have a direct or beneficial equity, partnership, membership or other ownership interest in AIG Highstar Capital, L.P., American International Group, Inc. and/or any of their respective affiliates.

(f) Utilities, Inc. is owned by private equity funds and does not have access nor is it privy to, information relating to this question other than information generally available to the public. Utilities, Inc. can, however state that it has not been directly or indirectly involved in any SEC actions or been the subject of SEC sanctions.

Prepared by: Michael T. Dryjanski  
Manager, Regulatory Accounting  
Utilities, Inc.  
2335 Sanders Road  
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